

LEGISLATIVE COUNCIL
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91ST CONGRESS
1ST SESSION

H. R. 770

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 1969

Mr. DANIELS of New Jersey (for himself, Mr. HENDERSON, Mr. UDALL, Mr. NIX, Mr. HANLEY, Mr. CHARLES H. WILSON, Mr. WALDIE, Mr. WHITE, Mr. WILLIAM D. FORD, Mr. TIERNAN, Mr. CUNNINGHAM, Mr. JOHNSON of Pennsylvania, Mr. BROYHILL of North Carolina, Mr. BUTTON, and Mr. THOMPSON of Georgia) introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I—CIVIL SERVICE RETIREMENT

4 FINANCING

5 SEC. 101. Section 8331 of title 5, United States Code,
6 is amended—

7 (1) by striking out “and” at the end of paragraph

8 (15);

VI—O

1 (2) by striking out the period at the end of para-
2 graph (16) and inserting a semicolon in lieu thereof;
3 and

4 (3) by adding immediately below paragraph (16)
5 the following new paragraphs:

6 “(17) ‘normal cost’ means the entry-age normal
7 cost computed by the Civil Service Commission in ac-
8 cordance with generally accepted actuarial practice and
9 expressed as a level percentage of aggregate basic pay;

10 “(18) ‘Fund balance’ means the sum of—

11 “(A) the investments of the Fund calculated
12 at par value; and

13 “(B) the cash balance of the Fund on the
14 books of the Treasury;

15 “(19) ‘unfunded liability’ means the estimated ex-
16 cess of the present value of all benefits payable from
17 the Fund to employees and Members, and former em-
18 ployees and Members, subject to this subchapter, and to
19 their survivors, over the sum of—

20 “(A) the present value of deductions to be
21 withheld from the future basic pay of employees
22 and Members currently subject to this subchapter
23 and of future agency contributions to be made in
24 their behalf; plus

25 “(B) the present value of Government pay-

1 ments to the Fund under section 8348 (f) of this
2 title; plus

3 “(C) the Fund balance as of the date the un-
4 funded liability is determined.”.

5 SEC. 102. Section 8334 of title 5, United States Code,
6 is amended—

7 (1) by amending subsection (a) to read as follows:

8 “(a) (1) For pay periods beginning after December 31,
9 1969, the employing agency shall deduct and withhold 7 per-
10 cent of the basic pay of an employee and $7\frac{1}{2}$ percent of the
11 basic pay of a Member. An equal amount shall be con-
12 tributed from the appropriation or fund used to pay the em-
13 ployee or, in the case of an elected official, from an appro-
14 priation or fund available for payment of other salaries of the
15 same office or establishment. When an employee in the legis-
16 lative branch is paid by the Clerk of the House of Repre-
17 sentatives, the Clerk may pay from the contingent fund of
18 the House the contribution that otherwise would be con-
19 tributed from the appropriation or fund used to pay the
20 employee.

21 “(2) The Civil Service Commission shall determine
22 when an adjustment in the percentage of deductions pre-
23 scribed by paragraph (1) of this subsection is necessary to
24 meet fully the normal cost of the benefits then in effect,
25 and shall transmit notice of proposed adjustment to the

1 President of the Senate and the Speaker of the House of
2 Representatives. Any proposed adjustment shall become ef-
3 fective at the beginning of the first full pay period which
4 commences at least 90 calendar days (of continuous ses-
5 sion of Congress, computed in accordance with section 906
6 (b) of this title) after transmittal of the notice, unless
7 before that date—

8 “(A) either House of the Congress has passed
9 legislation which provides for a different adjustment; or

10 “(B) either House of the Congress has passed a
11 resolution which specifically disapproves the adjustment
12 proposed by the Commission.

13 The same percentage adjustment, fixed at the nearest mul-
14 tiple of $\frac{1}{4}$ of 1 percent, shall be applied to each percentage
15 prescribed by paragraph (1) of this subsection. Not more
16 than one adjustment shall be proposed in any calendar
17 year.

18 “(3) The amounts so deducted and withheld, together
19 with the amounts so contributed, shall be deposited in the
20 Treasury of the United States to the credit of the Fund under
21 such procedures as the Comptroller General of the United
22 States may prescribe. Deposits made by an employee or
23 Member also shall be credited to the Fund.”; and

24 (2) by amending subsection (c) to read as follows:

25 “(c) Each employee or Member credited with civilian

1 service after July 31, 1920, for which retirement deductions
 2 or deposits have not been made, may deposit with interest
 3 an amount equal to the following percentages of his basic
 4 pay received for that service, plus each increase in the de-
 5 duction percentage prescribed under subsection (a) (2) of
 6 this section for periods of service to which the increase
 7 applies:

| | “Percentage of basic pay | Service period |
|------------------------------------|-----------------------------|---|
| Employee--- | 2½----- | August 1, 1920, to June 30, 1926. |
| | 3½----- | July 1, 1926, to June 30, 1942. |
| | 5----- | July 1, 1942, to June 30, 1948. |
| | 6----- | July 1, 1948, to October 31, 1956. |
| | 6½----- | November 1, 1956, to December 31, 1969. |
| | 7----- | After December 31, 1969. |
| Member for Member service--- | 2½----- | August 1, 1920, to June 30, 1926. |
| | 3½----- | July 1, 1926, to June 30, 1942. |
| | 5----- | July 1, 1942, to August 1, 1946. |
| | 6----- | August 2, 1946, to October 31, 1956. |
| | 7½----- | After October 31, 1956.”. |

8 SEC. 103. Section 8348 of title 5, United States Code,
 9 is amended—

10 (1) by amending subsection (a) to read as follows:

11 “(a) There is a Civil Service Retirement and Disability
 12 Fund. The Fund—

13 “(1) is appropriated for the payment of—

14 “(A) benefits as provided by this subchapter;

15 and

16 “(B) administrative expenses incurred by the
 17 Civil Service Commission in placing in effect each

1 annuity adjustment granted under section 8340 of
2 this title; and

3 “(2) is made available, subject to such annual limi-
4 tation as the Congress may prescribe, for any expenses
5 incurred by the Commission in connection with the ad-
6 ministration of this chapter and other retirement and
7 annuity statutes.”;

8 (2) by striking out subsections (f) and (g) and
9 inserting in lieu thereof:

10 “(f) Any statute which authorizes—

11 “(1) new or liberalized benefits payable from the
12 Fund, other than any increase in those annuities which
13 begin on or before the effective date of the increase;

14 “(2) extension of coverage to new groups of em-
15 ployees; or

16 “(3) increases in pay on which benefits are com-
17 puted;

18 shall be held and considered to authorize appropriations to
19 the Fund to finance the unfunded liability created by that
20 statute, in equal annual installments over the 30-year period
21 beginning at the end of the fiscal year in which the statute is
22 enacted, with interest computed at the rate used in the then
23 most recent valuation of the Civil Service Retirement Sys-
24 tem and with the first payment thereof due as of the end of
25 the fiscal year in which the statute is enacted.

1 “(g) At the end of each fiscal year beginning with
2 1971, the Commission shall notify the Secretary of the Treas-
3 ury of the amount equivalent to interest on the unfunded
4 liability computed for that year at the interest rate used in
5 the then most recent valuation of the System. Before closing
6 the accounts for each year, the Secretary shall credit to
7 the Fund, as a Government contribution, out of any money
8 in the Treasury not otherwise appropriated, the following
9 percentages of the amounts equivalent to interest on the un-
10 funded liability: 10 percent for 1971; 20 percent for
11 1972; 30 percent for 1973; 40 percent for 1974; 50 per-
12 cent for 1975; 60 percent for 1976; 70 percent for 1977;
13 80 percent for 1978; 90 percent for 1979; and 100 percent
14 for 1980 and for each year thereafter. The Commission shall
15 report to the President and to the Congress the sums credited
16 to the Fund under this subsection.

17 “(h) Each annuity increase authorized by statute en-
18 acted after December 31, 1969, and each increase there-
19 after effectuated under section 8340 of this title, shall be paid
20 from the Fund. Any such increase shall not be payable for
21 any fiscal year which begins more than one year after the
22 effective date of that increase unless and until an appropria-
23 tion is made by the Congress to compensate the Fund for the
24 cost, as determined by the Commission, of the increase for

1 that fiscal year. For any fiscal year for which the appropria-
2 tion is not made, benefits under this subchapter shall be
3 determined and paid as though the increase had not been
4 allowed. Nothing contained in this subsection shall prevent
5 payment of any increase for any fiscal year for which the
6 Congress makes the appropriation.

7 “(i) At the end of each fiscal year beginning with 1970,
8 the Secretary of Defense shall pay into the Fund an amount,
9 as determined by the Commission, sufficient to cover those
10 annuity disbursements made during that fiscal year which are
11 attributable to military service.

12 “(j) For each employee who has unused sick leave to
13 his credit and who retires on an immediate annuity or dies
14 leaving a survivor or survivors entitled to annuity, the em-
15 ploying agency shall, under procedures prescribed by the
16 Commission, pay into the Fund an amount equal to 25 per-
17 cent of the employee's final hourly pay rate multiplied by
18 the number of hours of unused sick leave to his credit.”.

19 SEC. 104. The proviso under the heading “CIVIL
20 SERVICE COMMISSION” and under the subheading
21 “PAYMENT TO CIVIL SERVICE RETIREMENT AND DISABIL-
22 ITY FUND” in title I of the Independent Offices Appropria-
23 tion Act, 1962 (75 Stat. 345; Public Law 87-141), is re-
24 pealed.

1 TITLE II—CIVIL SERVICE RETIREMENT

2 BENEFITS

3 SEC. 201. Paragraph (3) of section 8331 of title 5,
4 United States Code, is amended—

5 (1) by striking out subparagraphs (B) and (C)
6 and inserting in lieu thereof the following:

7 “(B) remuneration for service performed as
8 an employee to whom this subchapter applies;”;

9 (2) by striking out “overtime pay,”; and

10 (3) by striking out “pay given in addition to the
11 base pay of the position as fixed by law or regulation
12 except as provided by subparagraphs (B) and (C)
13 of this paragraph,”.

14 SEC. 202. Paragraph (4) (A) of section 8331 of title
15 5, United States Code, is amended by striking out “5
16 consecutive years” and inserting in lieu thereof “3 con-
17 secutive years”.

18 SEC. 203. Subsection (g) of section 8334 of title 5,
19 United States Code, is amended—

20 (1) by striking out the word “or” at the end of
21 paragraph (3) ;

22 (2) by striking out the period at the end of
23 paragraph (4) and inserting in lieu thereof a semicolon
24 and the word “or”; and

1 (3) by adding the following new paragraph im-
2 mediately below paragraph (4) :

3 “(5) days of unused sick leave credited under sec-
4 tion 8339 (1) of this title.”.

5 SEC. 204. Section 8339 of title 5, United States Code,
6 is amended by adding at the end thereof the following new
7 subsection:

8 “(1) In computing any annuity under subsection (a) -
9 (d) of this section, the total service of an employee who
10 retires on an immediate annuity or dies leaving a survivor or
11 survivors entitled to annuity shall, without regard to the
12 limitation imposed by subsection (e) of this section, include
13 the days of unused sick leave to his credit, except that these
14 days shall not be counted in determining average pay or
15 annuity eligibility under this subchapter. Amounts paid into
16 the Fund by the employing agency under section 8348 (j)
17 based upon unused sick leave to the credit of an employee
18 shall not be applied toward any deposit due under section
19 8334 of this title nor shall such amounts be deemed volun-
20 tary contributions for the purposes of this title.”.

21 SEC. 205. Subsection (b) of section 8340 of title 5,
22 United States Code, is amended by inserting “1 percent
23 plus” immediately after the word “by”.

24 SEC. 206. The provisions of subsections (b) (1), (d)
25 (3), and (g) of section 8341 of title 5, United States

1 Code, shall apply in the case of any widow or widower
2 who shall have remarried on or after July 18, 1966, and
3 immediately prior to such remarriage was receiving annuity
4 from the Fund, except that no annuity shall be paid by
5 reason of this section for any period prior to the enactment
6 of this section. No annuity shall be terminated solely by
7 reason of the enactment of this section.

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